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OCI No. 3454/63

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
20 December 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Cuban-Spanish Commercial Relations

25X1 1. The sudden spurt in Cuban efforts to expand commercial relations with Spain appears to be part of a wider Cuban effort, evident since early November, to increase economic relations with a number of Western countries and Japan.

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During mid-November, Fidel Castro had personally initiated talks with various Western missions in Havana seeking increased trade relations. Since then, Cuban trade missions have been touring Western Europe.

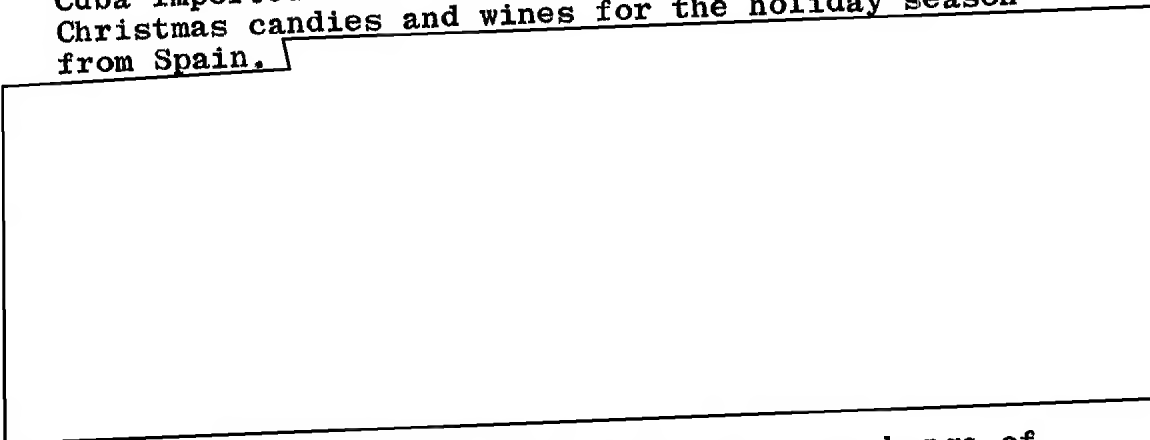
25X1 2. Cuban-Spanish Trade: On 15 November, the Cuban and Spanish governments concluded an expanded trade agreement calling for the Cuban export of 100,000 tons of sugar to Spain annually for three years. This agreement apparently supplemented an existing three-year-old trade agreement most recently extended last February. In addition to the sugar, Cuba is to send Spain increased quantities of tobacco and other products.

State Department review completed

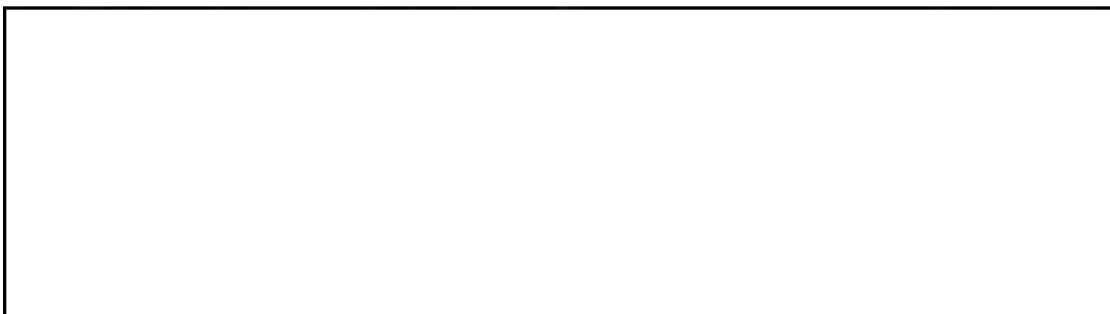
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3. For its part, Spain has long been interested in reversing the steady decline since 1958 in its exports to Cuba, which amounted to over \$12 million in 1958 and only slightly more than 1 million dollars in 1962. While Spain was traditionally a major trading partner of Cuba, by 1961, its trade had fallen below that of the UK, West Germany, and Canada. So far this year, Spain has exported or agreed to export to Cuba such items as garbage trucks, copper wire, lead plate, chemicals and food items. Recently, Cuba imported over \$5 million worth of traditional Christmas candies and wines for the holiday season from Spain.



4. A deal that would call for an exchange of Cuban sugar for Spanish-built merchant ships, which has been under discussion between private groups in Spain, was featured in the Madrid press on 18 December. However, the Spanish Director General of Shipbuilding is quoted by the Associated Press as stating that the construction capabilities of the company involved are limited and that, moreover, the financing of the operation would be "extremely difficult." He added that the Spanish Government has not yet become officially aware of the matter.



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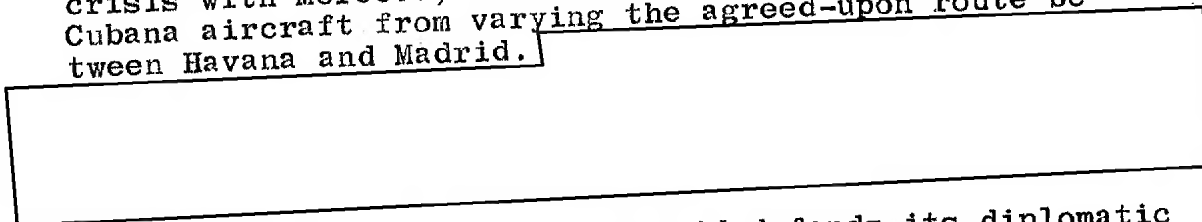
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6. Airline Connections: The regular weekly round-trip flights by Spain's Iberia Airlines, which ceased during the missile crisis in October 1962, were resumed last June. The Spaniards have issued conflicting statements about this air connection; sometimes they say it is losing them money, but it is necessary for the welfare of the many persons of Spanish nationality living in Cuba. They have also said that Iberia would be in the red were it not for the Havana-Madrid run. The flights generally carry passengers, many of them refugees, on the eastbound flights, and cargo and a few passengers on the westbound.

7. Since last October, there has been a steady increase in Cubana flights between Havana and Madrid and in November the service became regularly scheduled, with twice-monthly service. After US representations to the Spanish Government following the transit of Madrid by Cubana aircraft flying to Algeria during the border crisis with Morocco, the Spanish Government has prohibited Cubana aircraft from varying the agreed-upon route between Havana and Madrid.

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8. Spanish position: Madrid defends its diplomatic and commercial relations with Cuba on the basis that Spain always tries to exhaust all possibilities of maintaining relations with Spanish-speaking countries. It maintains that there are large Spanish interests in Cuba which need protection, and that Spain needs certain benefits derived from its trade with Cuba. Spain says this trade cannot possibly affect the stability of the Castro regime one way or the other. Spain further argues that it is heavily dependent on Cuba for sugar--the biggest export to Spain--to meet domestic needs, since it cannot get sugar at reasonable prices from other countries.

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9. There are some signs that the Spaniards may be having second thoughts about their trade with Cuba. According to the Spanish consul in Miami, Spanish Ambassador Garrigues is due back in Washington on 30 December from Madrid, where he took the position with his government that Spain should reduce its Cuban trade in order not to offend the US.

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